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October 14, 2005

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Suite 4700
100 North Tryon Street
Charlotte, NC 28202-4003**VIA HAND DELIVERY**The Honorable Ron Jones
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

05-00281

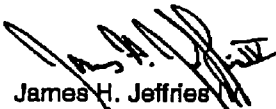
Re: Petition of Chattanooga Gas Company, Nashville Gas Company, a Division of
Piedmont Natural Gas Company, Inc., and Atmos Energy Corporation for Approval of
Stipulation

Dear Chairman Jones:

I have enclosed an original and 14 copies of the Petition for Approval of Stipulation as shown in the caption above. Please accept the original and 13 copies for filing and return one filed-stamped copy to me in the enclosed self addressed stamped envelope.

Thank you for your assistance with this matter. If you have any questions regarding these comments you may reach me at the number shown above.

Sincerely,


James H. Jeffries IV

JHJ/bao

Enclosure

c: Timothy C. Phillips

Research Triangle, NC
Charleston, SC

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY**

Petition of Chattanooga Gas Company, Nashville Gas Company, a Division of Piedmont Natural Gas Company, Inc., and Atmos Energy Corp. for Approval of Stipulation		Docket No.
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**Petition of Chattanooga Gas Company, Nashville Gas Company, a
Division of Piedmont Natural Gas Company, Inc., and Atmos Energy
Corporation for Approval of Stipulation**

The undersigned Tennessee natural gas local distribution companies, in recognition of the extraordinary level of prevailing wholesale natural gas prices and the corresponding potential risk to Tennessee natural gas customers during the upcoming winter heating season, respectfully submit and seek approval of the stipulated temporary natural gas billing and service termination mitigation mechanisms described below. These mechanisms, which are voluntarily and jointly proposed by the regulated natural gas utilities providing service within the State of Tennessee, are designed to assist residential natural gas customers who experience difficulty in paying their winter heating bills during the upcoming winter heating season by expanding the availability of alternative billing arrangements in order to avoid potential termination of service for nonpayment of bills. The proposed mechanisms are described below.

Each of the natural gas public utilities providing service within the State of Tennessee currently has in effect a form of equal payment plan whereby residential

customers can mitigate the impact of seasonal variations in gas bills by agreeing to make equal monthly payments over a twelve (12) month period. The precise terms of these plans vary between companies; however, each of these plans represents an effort to provide customers with the ability to levelize their natural gas bills over an entire year. For low to moderate income customers, and those living on a fixed income, this option reduces the risk that winter heating bills will be higher than the amount of income available for the payment of these expenses within individual customer monthly budgets. As a result, the potential for customer disconnection due to failure to pay natural gas bills is reduced.

At present, the equal payment plans for each of the undersigned natural gas utilities are voluntary in nature but may only be initiated if the customer is in good standing with the company and is current in his or her payments due the company for service previously rendered.¹ As a practical matter, this means that customers that may be experiencing difficulty in paying their bills are often not eligible for entry into such plans. In anticipation of abnormally high natural gas heating bills this winter, it is possible that many customers who would not normally fall behind in their payments may find themselves unable to fully pay their monthly natural gas heating bills when due. Under this circumstance, there are a number of existing programs available to mitigate the risk of service termination including making individual payment arrangements with the utility and assistance from various social agencies. Typically, however, the option to change billing methods to an equal payment plan is not available in these circumstances because by the time a customer realizes they cannot pay their bill, they

¹ As was noted, there are discrete differences in the equal payment plans of Chattanooga, Nashville Gas and Atmos; however, the requirement to be current on your bills as a condition to entering into one of these plans is common to all three companies.

are unable to meet the requirement to pay all existing balances as a prerequisite to entry into the plan. Further, in several cases, existing tariffs limit entry into an equal payment plan arrangement to the spring or summer months thereby making it impossible for a customer to enter into a new equal payment plan arrangement for the upcoming winter.

In order to widen the availability of equal payment plan arrangements for the upcoming winter and expand the benefit of those existing programs, the undersigned natural gas utilities propose and agree to implement for the period November 1, 2005 through March 31, 2006, the following mechanisms with respect to their existing billing and equal payment plan programs:

1. All available options and programs to mitigate the seasonal costs of gas or to assist in the payment of natural gas bills for customers experiencing difficulty in making payments this winter, as reflected in each of the company's existing tariffs, shall remain in effect and be fully available in accordance with their terms.

2. For customers who are in good standing as of November 1, 2005², and who fail or are unable to make full payment of amounts due for natural gas service rendered on or after November 1, 2005, the billing methodology shall be automatically adjusted to an equal payment plan methodology.

3. For customers who are in good standing as of November 1, 2005, and who elect to convert to an equal payment plan on or after November 1, 2005, the equal payment plan methodology shall apply.

² Good standing shall mean that the customer is either current on his account or is in compliance with an existing payment arrangement entered into by the customer and the serving natural gas utility.

4. The calculation of monthly amounts due under such equal payment plan methodology shall include any past due balance and shall be calculated in conformance with the serving natural gas utility's existing equal payment plan provisions.

5. Notice to the customer of this change in billing methodology shall be provided by bill insert or bill notice in the customer's next monthly bill or by separate written notice.

6. This billing methodology shall continue in effect until October 1, 2006, subject to the customer's ability to opt out of the methodology at any time provided that the customer pays all amounts due for service previously rendered by the serving utility as of that date (or otherwise enters into an arrangement for payment of such amounts acceptable to the serving utility).

7. So long as customers pay the charge due under the equal payment plan methodology, service to such customers will remain in effect and shall not be terminated.

8. To the extent that a customer defaults on payment under the equal payment plan, any unpaid gas cost amounts shall be collected consistent with the methodology established in TRA docket 03-00209.

The undersigned natural gas utilities believe that the expanded availability of equal payment plans described above will serve to protect customers experiencing difficulty in making payments attributable to the extraordinary levels of wholesale natural gas prices anticipated this winter.

In order to ensure consistency in service termination policies, and exemptions therefrom, the undersigned natural gas utilities further agree to amend their respective

tariffs, as necessary, to provide that no service terminations will occur during any 24 hour period, as measured from 8:00 am on the planned date of termination, where the forecasted low temperature, as determined by the National Weather Service, is 32 degrees Fahrenheit or below. This change will ensure consistent treatment of all customers served by the undersigned natural gas utilities.

Finally, in order to provide the Authority with visibility of service termination activity and equal payment plan participation during the critical months of this winter, the undersigned natural gas utilities propose and agree to report to the Authority on a monthly basis, beginning on November 15, 2005 and continuing through April 15, 2006, the following customer metrics: (1) the number of residential customers whose service was terminated for non-payment during the preceding calendar month; (2) the number of residential customers whose service was terminated for non-payment during the same calendar month of the prior year; (3) the number of residential customers participating in the company's equal payment plan during the preceding calendar month; and (4) the number of residential customers participating in the company's equal payment plan during the same month for the preceding year.

WHEREFORE, the undersigned natural gas utilities request that the Authority adopt and approve this stipulation to be effective November 1, 2005 through March 31, 2006.

Respectfully submitted this the 14TH day of October, 2005.

Chattanooga Gas Company

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Its Attorney

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